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**Local Government & Housing Committee**

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**SB 5587**

**Brief Description:** Authorizing existing city and county real estate excise taxes to be expended on municipally owned heavy rail short lines.

**Sponsors:** Senator Pridemore.

**Brief Summary of Bill**

- Allows up to 25 percent of the proceeds collected from a locally-imposed real estate excise tax before December 31, 2008, to be used for municipally owned heavy short line railroads.
- Defines "short line railroads."
- Includes a June 30, 2012, expiration date.

**Hearing Date:** 3/18/09

**Staff:** Ethan Moreno (786-7386)

**Background:**

County legislative authorities may impose an excise tax on each sale of real property in unincorporated areas of the county. Similarly, city and town legislative authorities also may impose an excise tax on each sale of real property within their corporate limits. The rate of these real estate excise taxes (REETs) may not exceed 0.25 percent of the selling price. Revenues generated from this tax must be used for financing qualifying capital projects and for housing relocation assistance.

Counties, cities, and towns that fully plan under the Growth Management Act (GMA) may impose an additional REET on each sale of real property that may not exceed 0.25 percent of the selling price. Counties that opted to fully plan under the GMA, and the cities and towns within, may impose the additional REET with voter approval. With some exceptions, revenues generated from this additional REET may only be used for financing capital projects specified in the capital facilities element of a comprehensive plan adopted under the GMA.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

"Capital project," for purposes of the additional REET, means public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of specific infrastructure, including:

- streets;
- street and road lighting systems;
- domestic water systems; and
- planning, construction, reconstruction, repair, rehabilitation, or improvement of parks.

The legislative authority of any county, city, or town using revenues from this additional REET must identify in the adopted budget, the capital projects that are funded in whole or in part from the proceeds of the additional REET, and must indicate that the tax is intended to be in addition to other funds that may be reasonably available for such capital projects.

**Summary of Bill:**

Up to 25 percent of the proceeds collected before December 31, 2008, from the additional REET that may be imposed by counties, cities, and towns that fully plan under the GMA may be used for municipally owned heavy short line railroads. The term "short line railroads" is defined to mean class III railroads as defined by the United States Surface Transportation Board. A June 30, 2012, expiration date for the bill is specified.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.